

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE**

IN THE MATTER OF THE APPLICATION OF)	
TIDEWATER UTILITIES INC. FOR A)	
GENERAL INCREASE IN WATER BASE)	PSC DOCKET NO. 11-397
RATES AND TARIFF REVISIONS)	
(FILED SEPTEMBER 15, 2011))	

PUBLIC NOTICE OF EVIDENTIARY HEARING

TO: ALL CUSTOMERS OF TIDEWATER UTILITIES, INC.

A Hearing Examiner of the Delaware Public Service Commission ("the Commission") will conduct an evidentiary hearing concerning the above-captioned case (as further explained below) at the following time and location:

<u>DATE</u>	<u>TIME</u>	<u>LOCATION</u>
May 30, 2012	10:00 a.m.	Commission of Veterans Affairs Hearing Room 802 Silver Lake Blvd. Robbins Bldg. Suite 100 Dover, DE 19904

The hearing will continue from day-to-day until concluded (if necessary). Subsequent to May 30, 2012, the hearing location shall be the Delaware Public Service Commission, Hearing Room, 861 Silver Lake Blvd., Cannon Building, Dover, DE 19904. Anyone planning to attend the evidentiary hearing should consult the Commission's website prior to the event for any change or cancellation in the time, place or date.

THE APPLICATION

On September 15, 2011, Tidewater Utilities, Inc. (“Tidewater” or the “Company”) filed with the Commission an application (the “Application”) seeking approval for a general increase in its water rates representing an overall increase in annual operating revenues of \$6,852,236 or 29.37% over current revenues.

Tidewater’s Application states that “Tidewater is seeking an increase in base rates due to increasing operating expenses and significant capital investment in utility plant to continue to provide safe, proper and adequate water service to its customers.” Tidewater’s Application further states that “[a]s growth occurs, further integration of new and existing [water] systems into regional districts is likely, as further economies of scale can be achieved thereby, resulting in greater cost-effective business processes for the benefit of our customers.”

Tidewater’s Application proposed new rates represent an *overall* increase of 29.37%, specifically: 1) increasing residential, apartment and commercial rates, including seasonal customers; 2) increasing facilities charges; 3) increasing public fire protection charges; 4) *decreasing* private fire protection charges; 5) increasing service connection charges for Tidewater customers; and 6) increasing rates regarding various wholesale water sales contracts between Tidewater and the Town of Ocean View, Dover Air Force Base off-base Housing and another regulated water utility, Southern Shores Water Company.

As required by the Commission to promote water conservation, Tidewater is also proposing to change its billing of metered residential customers to “inclining block rates” based upon the volume of water used in a quarter. With inclining block rates, as a customer uses more water, that customer pays more for the water the customer uses. According to Tidewater’s

Application, commercial and apartment customers would continue to be billed for all consumption at one rate, as opposed to inclining block rates.

In its Application, Tidewater proposes capital projects totaling approximately \$8,400,000 located throughout its service territory. The two (2) largest proposed capital projects are: 1) installing a Supervisory Control and Data Acquisition (SCADA) system project for its Sussex County water production facilities. The SCADA system allows water production plants and wells to be monitored and controlled remotely (estimated cost: \$1.567 million); and 2) and completely replacing the Angola By The Bay Distribution System including mains, meters and valves (estimated cost: \$3.153 million).

On October 3, 2011, pursuant to 26 *Del. C.* §306(a) (1), the Commission suspended the effectiveness of the proposed increased rates and any new tariffs, pending further investigation and public evidentiary hearings. However, after Tidewater exercised its statutory right under 26 *Del. C.* §306(c) to place a reduced portion of the proposed rate increase into effect, under bond and subject to refund, the Commission approved that temporary increase effective on and after November 15, 2011.

THE EVIDENTIARY HEARING

At the evidentiary hearing, the Hearing Examiner will consider the Application, the pre-filed and live testimony of the parties and any other pertinent documents submitted by the parties, including any settlement reached by the parties prior to the hearing. The Hearing Examiner is obligated to reach a decision based upon the evidence presented at the evidentiary hearing. If a settlement agreement is reached, the evidentiary hearing will address whether it is in the public interest for the Commission to approve the Settlement Agreement. Subsequent to

the evidentiary hearing at a time not yet determined, this case will be considered by the Commissioners.

Persons or entities which were granted intervention in this matter may present witnesses conduct cross-examination or introduce evidence at the evidentiary hearing. *Members of the public are welcome to attend the evidentiary hearing and/or the Commission's meeting as observers.*

You are invited to review the Company's application and supporting documents to determine how your interest may be affected. You may review documents posted on the Commission's website at <http://depsec.delaware.gov/default.shtml>. If you would like to review documents at the Commission's offices, please contact Monica Hall at monica.hall@state.de.us to arrange a time for your review. You may also review copies of the Company's application and supporting documents at the office of the Division of the Public Advocate located at the Carvel State Office Building, 4th Floor, 820 North French Street, Wilmington, Delaware 19801. Please call (302) 577-5077 to arrange for a time to review the documents at that location.

If you wish to request copies of documents in this matter, please submit a Freedom of Information Act Request Form. This form may be found at <http://smu.portal.delaware.gov/cgi-bin/mail.php?foia-request&subj=DOS>. There is also a link to the Freedom of Information Act Request Form on the Commission's website, <http://depsec.delaware.gov/default.shtml>. The Commission will respond to your request in accordance with the Freedom of Information Act, 29 Del. C. ch. 100.

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If you have a disability and wish to participate, or to review the materials, in these proceedings, please contact the Commission to discuss any auxiliary aids or services you might

need to help you. You may contact the Commission in person, by writing, by telephone (including text telephone), by Internet e-mail, or other means. If you have questions about this matter, you may call the Commission at 1-800-282-8574 (toll-free in Delaware) or (302) 736-7500 (voice and text telephone). You may also send questions by Internet e-mail addressed to jack.schreyer@state.de.us.